## Message Text

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**ACTION AGR-08** 

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PASS AGRICULTURAL FOR ASST AIMIN/ITP, ACTG IMDIR/LANDLP, IMDIR/DANDP

E.O. 11652: N/A TAGS: EAGR. SZ

SUBJECT: SPECIAL MEAT IMPORT QUOTA STILL TIED TO COUNTER-

VAILING ACTION ON CHEESE

REF: A) BERN 4017, B) FASTO 44; C) TOFAS 80

1. BEGIN SUMMARY - DURING SEPTEMBER 30 MEETING WITH GOS REPRESENTATIVES, EMBOFF WAS ADVISED (1) THAT THE SPECIAL MEAT IMPORT QUOTA OF 75 TONS WAS AGAIN GRANTED TO THE US FOR THE QUARTER OCTOBER 1 THROUGH DECEMBER 31, 1975, (2) THE ANNUAL QUOTA WOULD CONTINUE TO BE REVIEWED IN QUARTERLY INCREMENTS PENDING THE RESOLUTION BY JANUARY 3, 1976 OF THE COUNTERVAILING DUTY WAIVER PURPORTEDLY NOW BEFORE CONGRESS, (3) OF SWISS COUNTER-PROPOSAL WHICH WOULD AU-THORIZED THE RETURN OF THE MEAT QUOTA TO AN ANNUAL BASIS PROVIDED US WILL GUARANTEE NOT TO REMOVE THE WAIVER DURING THE YEAR IN WHICH THE MEAT QUOTA WAS GRANTED, (4) OF SERIOUS SWISS CONCERN FOR THE QUOTE EQUITABLE UNQUOTE RESOLUTION TO THE CURRENT TREASURY REVIEW OF SUBSIDIZED CHEESES FROM SWIT-ZERLAND'S NORDIC COMPETITORS, AND (5) APPRECIATED US DENIAL OF IMPORTERS REQUESTS FOR THE UNUSED SWISS LICENSES BUT EXPRESSED DISAPPOINTMENT ABOUT LATEST FARM BUREAU BRIEF FILED IN OPPOSITION TO WAIVER, END SUMMARY. LIMITED OFFICIAL USE

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- 2. IN A MEETING POSTPONED UNTIL SEPTEMBER 29 RETURN OF AMBASSADOR JACOBI, DIRECTOR, DEPARTMENT OF COMMERCE, HE AGREED TO AUTHORIZE THE NEXT QUARTERLY INCREMENT OF THE SPECIAL US MEAT IMPORT QUOTA IN THE AMOUNT OF 75 TONS TO BE IMPORTED DURING THE PERIOD OCTOBER 1 THROUGH DECEMBER 31, 1975 (AS REPORTED REF C). ALTHOUGH EXPRESSING CONCERN FOR THE AWKWARD POSITION OF IMPORTERS AND EXPORTERS, JACOBI REPEATED THE PRESSURES HIS OFFICE RECEIVES FROM OTHER EXPORTERS SEEKING A SIMILAR SPECIAL QUOTA (CANADA WAS SPECIFICALLY MENTIONED) AND DOMESTIC MEAT SUPPLIERS. THUS, HE MAINTAINS, THE NECESSARY PERIODIC REVIEWS CANNOT BE MADE AS EARLY AS 30 DAYS PRIOR TO AUTHORIZING THE ISSUANCE OF IMPORT LICENSES.
- 3. IN A QUID PRO QUO TO EMBASSY PROPOSAL TO RETURN MEAT QUOTA TO ANNUAL BASIS PER REF A, JACOBI COUNTERED THAT A RETURN TO THE ANNUAL CONCESSION WOULD BE CONTINGENT UPON A QUOTE GUARANTEE UNQUOTE THAT THE COUNTERVAILING DUTY WAIVER WOULD NOT BE REVOKED DURING THE YEAR IN WHICH THE MEAT QUOTA WAS GRANTED. WHEN THE NATURE OF TREASURY'S ROLE UNDER SEC. 303 WAS POINTED OUT AS ONLY THAT OF A RESPONDENT TO A PETITION, JACOBI INDICATED THAT FURTHER DISCUSSION MAY BE POSSIBLE, BUT NOT PRIOR TO THE RESULTS OF THE CONGRESSIONAL REVIEW.
- 4. INSERTED AT SEVERAL TIMES IN THE DISCUSSION WAS JACOBI'S CONCERN FOR US FINDINGS CONCERNING COMPETITIVE SCHANDINAVIAN CHEESES, ESPECIALLY THOSE CLAIMING TO BE EMMENTHALER AND ACCORDING TO HIM THEIR PRICE AVERAGING TECHNIQUES THAT HE CLAIMS DISTORT THE TRUE IMPORT VALUE OF THEIR CHEESES.
- 5. JACOBI APPRECIATIVELY ACKNOWLEDGED US EFFORTS TO DENY IMPORTER REQUESTS TO DISTRIBUTE THE UNUSED SWISS LICENSES TO OTHER SUPPLIERS. HE EXPRESSED KEEN DISAPPOINTMENT, HOWEVER, AT THE FARM BUREAU'S STAND IN OPPOSITION TO THE WAIVER AS EVIDENCED BY A BRIEF SUBMITTED TO CONGRESS ABOUT A MONTH AGO-PARTICULARLY FOLLOWING WHAT HE CONSIDERED AN AMICABLE MEETING BETWEEN SWISS CHEESE INDUSTRY REPRESENTATIVES AND HIGH-RANKING FARM BUREAU MEMBERS IN WASHINGTON
- 6. EMBASSY COMMENTS: WE PROPOSE SUSPENDING FURTHER DISCUSSIONS ON THE MEAT QUOTA PENDING THE OUTCOME OF THE CONGRESSIONAL REVIEW LIMITED OFFICIAL USE

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OF THE COUNTERVAILING DUTY WAIVER DUE BY JAN 3, 1976, WHICH WE HOPE WILL BE COMPLETED EARLY ENOUGH TO RESOLVE THE MEAT QUOTA QUESTION FOR THE NEXT YEAR. WE ARE CONVINCED THE SWISS (1) CONSIDER THE MEAT QUESTION MOOT UNTIL THEN, OR UNLESS NEW AND ADVERSE (IN THEIR VIEW) ELEMENTS ARE INTRODUCED, AND (2) CONTEMPLATE NO FURTHER CHHEESE EXPORT MEASURES THAT WOULD JEOPARDIZE THE WAIVER FINDINGS.

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